



Opening the Doors to Reliv

Reliv participates in two major, growing global industries: direct sales and wellness. The direct-sales industry has annual revenues of more than \$102 billion, according to the World Federation of Direct Selling Associations. The nutritional supplement segment of the global wellness industry is a \$67 billion market, according to the *Nutrition Business Journal*. As our record net sales and earnings in 2006 show, we are dedicated to taking advantage of the tremendous growth opportunities offered in both industries.

Opening the Doors... To Great Products

Our products fall into four categories: Essential nutrition, weight management, sports nutrition and nutraceuticals. Our essential nutrition products include Reliv Classic,[®] Reliv Now,[®] and Reliv Now[®] for Kids. Our sports nutrition products are Innergize![®] and ProVantage.[®] Our nutraceuticals include ReversAge,[®] SoySentials,[®] CardioSentials,[®] Arthaffect,[®] and FibRestore.[®] In early 2007, we introduced our newest product, Slimplicity,[™] in the weight-management area.

Our chief objective at Reliv in 2007 is to open our doors and welcome more people to the Reliv world. We'll introduce new people to our superb products that support their overall well-being. We'll also introduce them to an opportunity to own their own business, build wealth and travel the world. Our goal is to entice more people to join Reliv than ever before.

Slimplicity is one key to making that happen. Throughout 2006, our research and development team, headed by Vice Chairman and Chief Scientific Officer Dr. Carl W. Hastings, worked intensely to create the Slimplicity Weight Loss System, which we introduced in February 2007. Slimplicity has the potential to open the doors of Reliv to thousands of new customers and distributors.

Consider the following: Meal replacements accounted for more than \$1 billion in sales in 2006. Surveys show that 70 million people say they are dieting. For various reasons, 70 percent of those go it alone. Many dieters don't have the time to attend weight-loss meetings. Some people find packaged diet plans too expensive. Other dieters may not care for public weigh-ins with strangers in classroom or group settings. The Slimplicity Weight Loss System gives those dieters and millions of others a safe and effective opportunity to lose weight and keep it off.

Slimplicity delivers advanced, scientifically supported weight-loss ingredients in a system of three simple steps.

1. Replace lunch with a delicious, satisfying Slimplicity shake by combining our powdered formula with water or skim milk.
2. Take two Slimplicity Accelerator capsules an hour before breakfast, lunch and dinner.
3. Adopt a smarter lifestyle by becoming more active and eating healthy, well-balanced meals and snacks.





The Simplicity powdered formula follows our proven product strategy of carefully balancing combinations of effective nutrients to ensure that they all work to their full potential. Each shake contains 10 grams of soy protein provided by whole soybean powder. In combination with other ingredients, soy protein helps the body burn fat and build lean muscle.

Simplicity also includes the only capsules in our product lineup. The Accelerator capsules supplement the shakes with additional ingredients that are known to suppress appetite, block fat absorption and boost metabolism safely. Why capsules? One reason is taste. The Accelerator capsules contain concentrated amounts of ingredients with strong flavors that would throw off the taste of our shakes. Another reason is convenience. Consumers can carry the easily digested capsules with them if they are eating away from home.

To give the dieters a head start, we created the Simplicity starter kit, which offers them guidance and support. One of the items included in the kit, the Success Plan booklet, is an easy-to-follow guide to stepping up daily activity and choosing healthy, flavorful foods. The kit also includes the No-Cheat Sheet daily journal to help dieters track their progress and a pedometer to encourage them to increase their daily activity.

Simplicity offers another advantage to consumers and distributors. Dieters typically stop buying weight-loss products once they reach their target weight. With the Simplicity system, however, successful dieters can continue using the capsules to avoid regaining weight. This ongoing use may keep people connected to Reliv and provide continuing income to our distributors.

Simplicity has generated more excitement than any other product in Reliv history. Though it's available only in the United States at this time, we are working to make it available elsewhere. We believe that this product gives our distributors a new, highly promising way to attract new customers and distributors to Reliv.





Strengthening Existing Products

At Reliv, we are adamant about quality. We manufacture almost every product in-house under strict, near-pharmaceutical conditions. To guarantee the quality and potency of our products, we double- and triple-check ingredients. Our research and development staff constantly looks for ways to improve our products.

In 2006, we improved many of our existing products by adding powerful new ingredients. Many nutritional supplement manufacturers, including Reliv, have for years used soy isolate as the source of protein in their products. Soy isolate is an effective ingredient. Recent research at the University of Illinois, however, helped create a new ingredient known as whole soybean powder. Whole soybean powder contains soy protein, but it also supplies all of the phytonutrients, isoflavones, antioxidants and fiber that give soy its natural health-promoting properties.

By adding whole soybean powder to Reliv Classic, Reliv Now, Reliv Now for Kids, ProVantage sports enhancement supplement, and SoySentials, we believe that we have made these products better than ever.

We also strengthened Reliv Classic and Reliv Now by adding pycnogenol, a powerful antioxidant clinically shown to have a positive effect on both degenerative and age-related health processes. Pycnogenol and whole soybean powder are just two examples of our use of the latest scientific research to formulate our products.

We round out our lineup of essential nutrition products and weight-management products with the sports nutrition products Innergize! and ProVantage, and with the nutraceutical products CardioSentials, SoySentials, FibRestore, Arthafect and ReversAge. An aging population, spiraling health care costs and a growing awareness of the benefits of dietary supplements are factors that power the growth of the nutraceutical market, and we intend to capitalize on this growth.

The bottom line: By creating new products and improving existing ones, we offer our loyal consumers new, effective ways to support their health and well-being, and we give our distributors new opportunities to open Reliv's doors to more people.





Opening the Doors... To Business Opportunity

Just as we make nutrition simple for our customers, we also strive to make business simple for our distributors. We provide tools, training and support to facilitate the expansion of their businesses, and we provide the recognition, rewards and relationships that make life rich — financially, and in other ways. With that in mind, we have developed the Reliv System, a well-defined, disciplined program that is a proven business-builder.

The Reliv System revolves around local meetings, regional and national conferences, conference calls, and workshops. National conference calls every Monday evening, led by Reliv distributors, provide guidance in business development. On Tuesday evenings, distributors hold local meetings to present our products and the Reliv business opportunity to potential customers and distributors. On Saturday mornings, distributors hold local meetings to provide basic training in how to start, operate, and build a distributorship.

The system also includes Master Affiliate Training Schools (MAT Schools), conducted quarterly in cities that have a critical mass of distributors. MAT Schools are designed to help new Master Affiliates expand their businesses. We hold regional conferences in the U.S. and some other markets, as well as national conferences in non-U.S. markets. Twice a year, new Senior Directors and Ambassadors attend leadership retreats in St. Louis, during which they learn to become effective Reliv leaders.

The highlight of the Reliv System is the annual International Conference in St. Louis, the largest gathering of Reliv distributors every year. The International Conference is many things. It's a celebration at which distributors are recognized for their achievements, a networking opportunity for distributors, and a training event to teach people how to build their businesses. At the Conference, sometimes we launch major promotions. At the 2006 International Conference, we announced the 2006/2007 Mega-Bonus, which was designed to fuel growth and to energize our distributor base until the 2007 International Conference.





In 2006, Reliv invested heavily in new sponsoring and training tools for distributors.

- We introduced a new distributor sales kit at the International Conference in St. Louis. It includes an improved interactive CD for self-training, along with a Dream Big dual disk (DVD on one side, CD on the other). Distributors can use Dream Big as a presentation tool, and potential distributors can use it to learn more about Reliv.
- We were honored to be the featured company in last July's *Success from Home* magazine (a national publication), which distributors are finding useful as a sponsoring tool. We expect distributors to continue using *Success from Home* in that manner throughout this year.

We enter 2007 with a solid, five-pronged platform that we believe will increase our distributor base.

1. **Slimplicity Weight-Loss System:** Previously, we trained distributors to focus their sales efforts on our essential nutrition products and then, when they had good results, to introduce consumers to our other products. We are confident that distributors now can use the Slimplicity System as another entry point. It complements our essential nutrition products and gives distributors a new way to introduce people to Reliv.
2. **Distributor training:** We have simplified our weekly basic training. In our revamped training, we explain the fundamentals and how-to's of the business more clearly than ever before. We also plan to revamp our MAT School training so that distributors can build on the skills they learned in basic training to create a successful sales organization. We also plan to launch a Web-based training program to support distributors at all levels.
3. **Reliv Web site:** After working throughout 2006 to upgrade our Web site, we launched a completely redesigned www.Reliv.com at the Atlanta Leadership Conference in January 2007. The new site is easier to navigate than our previous site. It is more useful to distributors and consumers; it projects a more polished, professional image; and it confirms our commitment to support our distributors with technology. The new site has a distributor-only portal that includes sales and presentation tools, business forms, our Downline Organizer, monthly statements and other documents to help distributors run their businesses.
4. **Sponsorship promotions:** Our "Each One, Reach One" program, launched in January 2007, rewards those who sponsor at least one new distributor in each of their first two months in Reliv. The Slimplicity promotion, introduced in February, rewards new distributors who purchase a Slimplicity starter kit within three days of becoming a distributor.
5. **Market research:** In January, we launched our first market research project in many years. We believe the research will give us the most advanced, in-depth knowledge of our distributor force that we've ever had. That knowledge will allow us to boost sponsorship and to improve the ways we help distributors become successful.



Opening the Doors... To Global Business

Reliv is well positioned in two large global businesses: direct selling and nutritional products. The direct selling industry has annual sales of more than \$102 billion, according to the World Federation of Direct Selling Associations. Direct selling in the United States is a \$30 billion business.

The *Nutrition Business Journal* estimates that nutrition is a \$210 billion global industry, with the nutritional supplement segment accounting for about \$67 billion of the market. We are dedicated to taking advantage of the growth opportunities offered through both industries, and we continue to make progress globally.

In Australia, for example, a group of high-level U.S. distributors made a commitment to spend time there building their businesses. We identified specific Australian markets that had reported new or increasing business activity, and the U.S. distributors then spent a month in those areas recruiting and training new distributors. Those U.S. distributors have since rotated through the program, traveling Down Under for additional month-long stays to provide further training for the initial group of Australian distributors, and to sponsor new distributors and start them on the same program.

Sales for our Australia/New Zealand region rose 15 percent in 2006 over 2005 figures. The number of new distributors signing up increased 23 percent over 2005, and the number of new Master Affiliates more than doubled. We believe that consistent training and follow-up were the keys to making the strategy effective for the Australia/New Zealand region, and we plan to continue this program in 2007.

The trends for our United Kingdom/Ireland region were also encouraging. Sales rose about 46 percent in 2006, and the number of new distributor sign-ups increased 34 percent over 2005. The number of new Master Affiliates rose almost 80 percent. In recognition of the progress in the United Kingdom, we held the first U.K. national conference in 2006. The second is scheduled for this year.

In addition to Australia, New Zealand, the United Kingdom, and Ireland, Reliv is now doing business in Austria, Canada, Germany, Malaysia, Mexico, the Netherlands, the Philippines and Singapore, as well as the United States.

We remain intent on expanding our successful U.S. business, but we believe we can expand our international business at an even faster clip and raise the percentage of our sales that come from beyond U.S. borders. We will continue to focus on worldwide growth in 2007.